FISCAL MEMORANDUM
HB 895 – SB 1752

May 23, 2007

SUMMARY OF AMENDMENT (007781):   Deletes the language of the original bill. Makes multiple changes to the sales tax law as it applies to video programming services and video programming service providers. Such changes authorize all video programming services, regardless of how such services are transmitted or conveyed to end users, be taxable at the same rate(s) and in the same manner that video services provided by traditional cable service providers have been taxed under current law.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenues - $2,976,000

Increase Local Govt. Revenues - $957,000

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures - $32,400 One-Time
State Revenues – Net Impact – Not Significant

Other Fiscal Impact – Prevents future erosion of the sales tax base that would otherwise occur when consumers purchase video services from video service providers who utilize new delivery technologies other than cable or satellite (which are not currently regulated by Title 7, Chapter 59).

Assumptions applied to amendment:

- "Video programming services" means programming provided by or generally considered comparable to programming provided by a television broadcast station and shall include cable television services sold by a provider authorized pursuant to Title 7, Chapter 59, wireless cable television services (multipoint distribution service/multichannel distribution service) and video services provided through wireline facilities located at least in part in the public rights-of-way without regard to delivery technology, including internet protocol technology.

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- The total number of subscribers in Tennessee remains relatively constant.
- There will be a one-time increase to state expenditures estimated to be $32,400 for software and computer enhancements.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

James W. White, Executive Director

/rnc

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